

## Message Text

SECRET

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ORIGIN EA-06

INFO OCT-01 ISO-00 OES-02 L-01 SS-14 ACDA-10 INR-05  
CIAE-00 NSAE-00 DODE-00 IO-06 NSC-05 PM-03 EB-04  
PRS-01 /058 R

DRAFTED BY EA/ROC:DGBROWN:ARCKC  
APPROVED BY EA/ROC:HJFELDMAN  
OES/NET - D. COOPER (SUBS)  
DOE - G. HELFRICH (SUBS)  
NRC - R. LAFLUER (SUBS)

-----058719 041948Z /56

R 040002Z NOV 77  
FM SECSTATE WASHDC  
TO AMEMBASSY TAIPEI

S E C R E T STATE 264071

LIMDIS

E.O. 11652:GDS

TAGS:MNUC, TW

SUBJECT:VISIT OF CAEC SEC GEN CHENG

REFEREMCE" STATE 262131

1. IN ADDITION TO TALKS DESCRIBED REFTEL, CAEC SECRETARY  
GENERAL VICTOR CHENG AND INER DIRECTOR CHIEN DISCUSSED A  
NUMBER OF OTHER ISSUES WITH DEPT., ACDA AND DEPARTMENT OF  
ENERGY (DOE) OFFICIALS DURING OCTOBER 28 WASHINGTON VISIT.

2. IN MEETING WITH DEP. SEC. NOSENZO, CHENG URGED THE  
U.S. TO GIVE AN EARLY FAVORABLE RESPONSE TO THE ROC RE-  
QUEST TO RESUME OPERATION OF THE TRR, ARGUING THAT THE ROC  
HAD AGREED TO COMPLY WITH ALL U.S. CONDITIONS RELATED TO  
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SUSPENSION OF TRR OPERATION. CHENG SAID THE TRR WAS A  
VALUABLE RESEARCH TOOL WHICH COULD USEFULLY BE EMPLOYED  
ON PROJECTS, SUCH AS LWR FUEL DEVELOPMENT, AN AREA IN  
WHICH THE U.S. NUCLEAR TEAM HAD ENCOURAGED THE ROC TO CON-  
CENTRATE. CHENG SAID HE AND HIS COLLEAGUES WERE LOOKING  
FORWARD TO QUOTE GETTING BACK TO NORMAL UNQUOTE AND BEING  
IN A POSITION TO CONTRIBUTE TO NUCLEAR PROJECTS OF IN-

TEREST TO THE U.S. UNDER INFCE. NOSENZO SAID THAT WE WERE ACTIVELY CONSIDERING THE INER'S PROPOSED RESEARCH PROGRAM, AS WELL AS OTHER PROJECTS THAT MIGHT BE OF IN-

TEREST TO INER AND OF HELP TO US, AND HOPED TO BE ABLE TO RESPOND WITHIN THE NEXT FEW MONTHS.

3. CHENG GAVE DOE OFFICIAL HELFRICH A LETTER STATING THAT AN ROC COMPANY (PRESUMABLY THE CHINA PHOSPHATE INDUSTRIES COMPANY) INTENDED TO PROCEED WITH A PILOT PLANT FOR REMOVING URANIUM TRACES FROM PHOSPHATES USED IN FERTILIZERS AND ASKING FOR WRITTEN CONFIRMATION THAT THE USG DID NOT OBJECT TO THIS PROJECT WHICH WOULD GIVE ROC A SIGNIFICANT DOMESTIC SOURCE OF URANIUM (ALL OF WHICH WOULD BE COVERED BY IAEA SAFEGUARDS) AND WOULD REDUCE THE HEALTH HAZARD OF URANIUM TRACES IN PHOSPHATE FERTILIZERS. HELFRICH SAID THAT HE FORESAW NO OBJECTION TO THIS PROPOSAL, BUT THAT, HE WOULD CHECK WITH OTHER CONCERNED AGENCIES AND PROVIDE A LETTER RESPONSE THROUGH EMBASSY TAIPEI.

4. CHENG NOTED THAT TAIPOWER PRESIDENT DAVID CHU WAS IN THE U.S. THAT WEEK FOR DISCUSSIONS WITH EXXON NUCLEAR CONCERNING A PROPOSED JOINT VENTURE TO CONSTRUCT A LWR FUEL FABRICATION PLANT IN TAIWAN. CHENG SAID PRESENT TALKS COULD DETERMINE FEASIBILITY AND DIMENSIONS OF JOINT VENTURE. FYI: WHILE CHENG DID NOT SEEK AND WE DID NOT OFFER  
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ANY COMMENTS ON USG ATTITUDE TOWARD SUCH A JOINT VENTURE, THE PROPOSED JOINT VENTURE IS IN ACCORD WITH OUR PREVIOUS SUGGESTIONS TO ROC OFFICIALS TO CONCENTRATE THEIR INVOLVEMENT IN THE FRONT END OF THE LWR FUEL CYCLE. END FYI. WOULD APPRECIATE EMBASSY'S KEEPING DEPT. INFORMED ON STATUS OF THIS PROJECT.

5. CHIEN RENEWED HIS REQUEST FOR PURCHASE OF 8.5 TONNES OF HEAVY WATER FOR INER. HE WAS TOLD THAT USG WAS CONSIDERING HIS REQUEST IN THE CONTEXT OF THE LARGER ISSUE OF INER'S DESIRE TO DEVELOP HEAVY WATER REACTORS (HWR). AS THE HWR DEVELOPMENT PROPOSAL PRESENTED COMPLEX POLICY ISSUES, IT WOULD PROBABLY BE SOME TIME BEFORE WE WOULD BE ABLE TO REACH A DECISION ON INER'S REQUEST FOR HEAVY WATER. WHEN CHENG AND CHIEN MENTIONED TO NOSENZO INTEREST IN HWR DEVELOPMENTS, NOSENZO RESPONDED THAT THE U.S. WAS NOT MOVING TOWARD DEVELOPING HWR, BUT WAS INSTEAD INVESTIGATING ONCE-THROUGH LWR FUEL CYCLES AS A MEANS OF AVOIDING THE NECESSITY FOR SPENT FUEL REPROCESSING. CHENG SAID THE ROC WOULD BE WILLING TO AWAIT THE OUTCOME TO THE INFCE STUDIES BEFORE GOING INTO HARDWARE WORK ON HWRS, BUT HE ASKED FOR EARLY U.S. APPROVAL OF INER'S PROPOSED

HWR DEVELOPMENT PLANS.

6. HELFRICH INFORMED CHENG AND CHIEN THAT THE U.S. WAS WORKING ON THE ARRANGEMENTS FOR THE REMOVAL OF PLUTONIUM FROM TAIWAN.

7. AS CHENG WAS FULLY OCCUPIED IN DISCUSSIONS AT DOE ON OCTOBER 28, CHIEN MET SEPARATELY WITH NRC OFFICIAL LAFLUER TO DISCUSS IN GENERAL TERMS THE TYPE OF ASSISTANCE NRC MIGHT BE ABLE TO PROVIDE ABOUT REGULATORY AND SAFETY PROGRAMS FOR LWRS. CHEN EXPRESSED INTEREST AND ASKED IF NRC COULD PROVIDE SPECIFIC WRITTEN PROPOSALS FOR THE ROC'S CONSIDERATION. FYI: IN CONSULTATIONS WITH DEPT AND OTHER AGENCIES, THE NRC IS IN THE PROCESS  
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OF DRAFTING A LETTER CONTAINING PROPOSALS ON HOW IT CAN CONSTRUCTIVELY ASSIST THE ROC TO DEVELOP ITS LWR SAFETY AND REGULATORY PROGRAMS. END FYI

8. OVER LUNCH, CHENG AND CHIEN EXPRESSED SOME UNEASE ABOUT THE ROC'S EXCLUSION FROM THE OCTOBER 18-21 INTERNATIONAL FUEL CYCLE EVALUATION (INFCE) ORGANIZING CONFERENCE, NOTING THAT SOME PEOPLE AND COUNTRIES MIGHT CONCLUDE THAT THE ROC HAD NOT PARTICIPATED BECAUSE IT WAS NOT CONCERNED ABOUT NON-PROLIFERATION. DEPTOFFS EXPLAINED THAT ROC'S LACK OF DIPLOMATIC RELATIONS WITH MOST PARTICIPANTS AND THE RELATIVELY HIGH LEVEL OF GOVERNMENT REPRESENTATION MADE ROC PARTICIPATION IN THE CONFERENCE UNFEASIBLE. HOWEVER, DEPTOFFS INDICATED THAT RESULTS OF INFCE STUDIES WOULD BE AVAILABLE TO ROC AND THAT A MEANS MIGHT BE DEVISED FOR THE ROC TO CONTRIBUTE TO INFCE-RELATED RESEARCH ON A BILATERAL BASIS. BOTH CHENG AND CHIEN INDICATED INTEREST IN THIS PROJECT. VANCE

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## Message Attributes

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